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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to
Promote Policy and Program
Coordination and Integration in Electric
Utility Resource Planning.

Rulemaking 04-04-003

Order Instituting Rulemaking to
Promote Consistency in Methodology
and Input Assumptions in Commission
Applications of Short-run and Long-run
Avoided Costs, Including Pricing for
Qualifying Facilities.

Rulemaking 04-04-025

**NOTICE OF
EX PARTE COMMUNICATION**

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October 11, 2006

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Promote Policy and Program Coordination and Integration in Electric Utility Resource Planning.	Rulemaking 04-04-003
Order Instituting Rulemaking to Promote Consistency in Methodology and Input Assumptions in Commission Applications of Short-run and Long-run Avoided Costs, Including Pricing for Qualifying Facilities.	Rulemaking 04-04-025

**NOTICE OF
EX PARTE COMMUNICATION**

Pursuant to Rules 1.4, 7, and 7.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Energy Producers and Users Coalition (EPUC), hereby submits this notice of the following Ex Parte communication in the above-referenced proceeding.

On October 9, 2006, the following summary of EPUC's position was provided to President Peevey, via US mail. EPUC requested that the Commission "[e]stablish a state policy which obligates California electric utilities to: (1) interconnect and operate in parallel with cogeneration facilities; (2) make sales of standby (i.e., backup and maintenance power) and supplemental power at rates based on cost of service; (3) purchase all of the electric energy and capacity made available by the cogeneration facility; (4) pay just and reasonable rates that reflect the "avoided costs" for the energy and capacity purchased from cogeneration facilities; (5) execute, at the option of the cogenerator, standard

power purchase agreements with operation and maintenance provisions that facilitate and harmonize both electrical and thermal energy production by the cogeneration project; and (6) provide existing cogeneration with an opportunity to continue to be a base load generation resource and encourage the development of new base load cogeneration projects.”

To request a copy of this notice, please contact:

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Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Evelyn Kahl". The signature is fluid and cursive, with the first name "Evelyn" and the last name "Kahl" clearly distinguishable.

Evelyn Kahl

Counsel to the Energy Producers
and Users Coalition

Dated: October 11, 2005

Energy Producers and Users Coalition
SUMMARY OF POSITION IN
R.04-04-003 (Long Term QF Policy)/R.04-04-025 (QF Avoided
Cost)

Establish a state policy which obligates California electric utilities to: (1) interconnect and operate in parallel with cogeneration facilities; (2) make sales of standby (i.e., backup and maintenance power) and supplemental power at rates based on cost of service; (3) purchase all of the electric energy and capacity made available by the cogeneration facility; (4) pay just and reasonable rates that reflect the “avoided costs” for the energy and capacity purchased from cogeneration facilities; (5) execute, at the option of the cogenerator, standard power purchase agreements with operation and maintenance provisions that facilitate and harmonize both electrical and thermal energy production by the cogeneration project; and (6) provide existing cogeneration with an opportunity to continue to be a base load generation resource and encourage the development of new base load cogeneration projects.